

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Avista Corporation,

Bonneville Power Administration,

Idaho Power Company,

Montana Power Company,

Nevada Power Company,

PacifiCorp,

Portland General Electric Company,

Puget Sound Energy, Inc.,

Sierra Pacific Power Company

Docket No. RT00-_____

ALTERNATIVE FILING PURSUANT TO ORDER NO. 2000

Pursuant to 18 C.F.R. §§ 35.34(c)(2) and (g), and Order No. 2000, Avista Corporation, Bonneville Power Administration, Idaho Power Company, Montana Power Company, Nevada Power Company, PacifiCorp, Portland General Electric Company, Puget Sound Energy, Inc. and Sierra Pacific Power Company (collectively, the “Filing Utilities”), hereby submit the following alternative filing on the status of their efforts to participate in a regional transmission organization (“RTO”), and their specific plans to join an RTO.

I. CORRESPONDENCE

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II. STATUS OF FILING COMPANIES' EFFORTS TO JOIN AN RTO

The Filing Utilities have been extensively involved in efforts to form an RTO that would cover most of the geographic area and population areas of the States of Oregon, Washington, Idaho, Montana, Wyoming, Utah and Nevada, and that would accommodate the Canadian provinces of British Columbia and Alberta. As a result of a detailed collaborative process involving participation by numerous entities, including investor-owned utilities, rural cooperatives, industrial customers, marketers, independent power producers, Native American

tribes, environmentalists, Canadian entities, state agencies, and Federal Energy Regulatory Commission (the “Commission”) staff, the Filing Utilities will submit to the Commission filings setting forth a proposal for RTO West. The first of these filings will occur on October 23, 2000, and will describe generally the RTO arrangements that the Filing Utilities desire to implement, and will request a declaratory order relating to RTO West’s proposed scope and configuration, governance structure, and forms of Agreement Limiting Liability Among RTO West Participants, Articles of Incorporation, Bylaws, Transmission Operating Agreement (as may be amended), and Suspension Agreements (as may be amended) (the “Documents”). A later filing will provide additional details, agreements, and a proposed tariff.

The process by which the RTO West proposal was developed began with a series of six RTO education workshops in the Northwest that occurred shortly after the Order No. 2000 Notice of Proposed Rulemaking was promulgated in May 1999. The purpose of the workshops, which were sponsored by various Northwest utilities (including the Filing Utilities), public power entities, marketers, and Canadian entities, were to provide background information on RTO developments around the United States. The education workshops were substantially aided by the participation of an ad hoc legal committee (representing primarily investor-owned utilities, public power interests, independent power developers, and marketers) which submitted a matrix of RTO structural options for the participation of the Bonneville Power Administration, investor-owned utilities, and other utilities in the region.

Shortly after the last educational workshop, the Filing Utilities and stakeholders developed an extensive public process and a large Regional Representative Group (the “RRG”) to create the RTO West proposal. At the same time, the Filing Utilities provided funding for project and process managers, establishment of the RTO West website (www.rtowest.org), and incorporation of RTO West as a private, nonprofit corporation in the State of Washington to fund these activities. The Filing Utilities retained the authority to establish decision timelines and to resolve issues in the absence of an RRG consensus. Finally, the RRG established a number of

working groups to resolve approximately 24 issues identified by the RRG as essential under Order No. 2000 for the operation of an RTO. Those issues were as follows:

- Recovery of fixed transmission costs
- Transmission losses
- Congestion pricing
- Price reciprocity and other seams issues
- RTO budgets
- Control area functions to be performed by the RTO
- Transmission planning
- Transmission Control Agreement and RTO governance
- RTO tariffs
- Generation Integration Agreement, Load Integration Agreement, and Service Agreements
- Payment Agent Agreement
- State tax issues
- Transmission congestion reservations and suspension of existing transmission
- Contracts
- Ancillary services
- Market power monitoring and mitigation
- Incentives for performance efficiency
- Participation by BPA, and other public power entities under current law
- Risk management
- Independent decision-making by the RTO
- Customer benefits
- Economic incentives to owners to join the RTO
- Retail load access to RTO system
- Operations
- Canadian issues

Potential solutions to many of these issues have been developed, and proposals for the RTO West Transmission Operating Agreement (as may be amended), Articles of Incorporation, Bylaws, Suspension Agreement (as may be amended), Agreement Limiting Liability Among RTO West Participants, (the “Documents”) and the filing letter have now been posted by the Filing Utilities on the RTO West website for comment by the RRG and the general public. Comments on the Documents are due to the Filing Utilities on October 12, 2000, and comments on the filing letter were due to the Filing Utilities today, October 16, 2000. The Filing Utilities will review the RRG and public comments prior to their October 23, 2000 filing.

III. CONCLUSION

The Filing Utilities respectfully request the Commission to accept this compliance filing.

DATED the 16th day of October, 2000.

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